

ABSTRACT

The aim of this study to examine the influence of size of the company, profitability, financial leverage and dividend payout ratio toward income smoothing practice in manufacture companies listed at Indonesia Stock Exchange. Eckel Index is used to determine the income smoothing practice.

The study was using 7 manufacture company listed in Indonesia Stock Exchange, with a period between 2006-2010. The hypothesis were tested using linier regression to examine the influence of Size of the company, Profitability Return on Equity (ROE), Financial leverage and Dividend Payout Ratio toward income smoothing practice.

The result of this study showed that Size of the company and Profitability Return on Equity (ROE) did not have significant influence to income smoothing. Financial leverage and Dividend Payout Ratio has significant influence to income smoothing.

Keywords : size of the company, profitability, financial leverage and dividend payout ratio